

GREAT PRAIRIE AREA EDUCATION AGENCY

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2015

GREAT PRAIRIE AREA EDUCATION AGENCY

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GREAT PRAIRIE AREA EDUCATION AGENCY

OFFICIALS

JUNE 30, 2015

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Directors</u>		
Joy Prothero	President	2015
Vicki Stephenson	Vice-President	2017
Himar Hernandez	Member	2015
Lonny Morrow	Member	2017
Matt Greiner	Member	2015
Marge Wilhelm	Member	2015
Joyce Wauters	Member	2015
Melissa Ballard	Member	2017
Margaret Kelly	Member	2017
<u>Agency</u>		
Dr. Jon Sheldahl	Administrator	Annual Contract
Nancy Brown	Board Secretary	Appointed
Dennis Gourley	Chief Financial Officer and Treasurer	Appointed

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Great Prairie Area Education Agency

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Great Prairie Area Education Agency, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Great Prairie Area Education Agency's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Great Prairie Area Education Agency, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As disclosed in Note 5 to the financial statements, Great Prairie Area Education Agency adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedule of the Agency's proportionate share of the net pension liability, the schedule of agency contributions and the schedule of funding progress for the retiree health plan on pages 4 through 11 and 34 through 40 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Great Prairie Area Education Agency's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the seven years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information is included in Schedules 1 through 5, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2016, on our consideration of Great Prairie Area Education Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Great Prairie Area Education Agency's internal control over financial reporting and compliance.

ANDERSON, LARKIN & CO. P.C.

Ottumwa, Iowa
February 5, 2016

Management's Discussion and Analysis

This section of the Great Prairie Area Education Agency's annual financial report presents its discussion and analysis of the Agency's financial performance during the fiscal year ended June 30, 2015. The analysis focuses on the Agency's financial performance as a whole.

Please read it in conjunction with the Agency's financial statements, which immediately follow this section.

2014 FINANCIAL HIGHLIGHTS

- General Fund revenues were \$25,306,229 and other financing sources were \$7,338 in fiscal 2015 while General Fund expenditures were \$24,659,750 and other financing uses were \$202,896. This resulted in an increase of \$450,921 in the Agency's General Fund balance.
- While both Special Education Services and Media Services saw an increase in fund balance the Educational Services fund balance declined.
- The General Fund balance increased primarily because revenues exceeded expenditures in the Special Education Program.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Agency's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Great Prairie AEA as a whole and present an overall view of the Agency's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the Agency's operations in more detail than the government-wide statements by providing information about the most significant funds.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the Agency's budget for the year, the Agency's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the non-major funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the Agency.

REPORTING THE AGENCY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The Agency-wide statements report information about the Agency as a whole using accounting methods similar to those used by private-sector companies. The statement of Net Position includes all of the Agency's assets, deferred outflow of resources, liabilities and deferred inflow of resources, with the difference reported as net position. All of the current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two Agency-wide statements report the Agency's net position and how it has changed. Net position is one way to measure the Agency's financial health or financial position. Over time, increases or decreases in the Agency's net position is an indicator of whether financial position is improving or deteriorating. To assess the Agency's overall health, additional non-financial factors, such as changes in enrollments in the local school districts that the Agency serves and the condition of the Agency's office buildings, need to be considered.

In the Agency-wide financial statements, the Agency's activities are divided into two categories:

- *Governmental activities:* Most of the Agency's basic services are included here, such as instructional services, media services, special education support, and administration. Property taxes, state aid and federal program grants finance most of these activities.
- *Business-type activities:* The Agency charges fees to help cover the costs of certain services it provides. The Agency's cooperative purchasing program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the Agency's funds, focusing on its most significant or "major" funds – not the Agency as a whole. Funds are accounting devices the Agency uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The Agency establishes other funds to control and manage money for particular purposes, such as accounting for the Special Education Instruction and Juvenile Home funds.

The Agency has two kinds of funds:

- Governmental funds account for most of the Agency's basic services. These focus on how cash and other financial assets readily converted to cash flow in and out and the balances left at year-end available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Agency's programs. The Agency's governmental funds include 1) the General Fund, 2) the Special Revenue Funds, 3) the Debt Service Fund and 4) the Capital Projects Fund.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- Proprietary funds account for services for which the Agency charges a fee. Proprietary funds are reported in the same way as the government-wide statements. The Agency's Enterprise Fund, one type of proprietary fund, is the same as its business type activities but provides more detail and additional information, such as cash flows. The Agency currently has one Enterprise Fund, the Cooperative Purchasing Fund.

The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Great Prairie Area Education Agency's net position at the end of fiscal year 2015 totaled approximately (\$3.3) million compared to approximately \$7.2 million before re-statement at the end of fiscal year 2014. The analysis that follows focuses on the net position and changes in net position.

As the table on the next page shows, the agency's combined net position decreased 146.4 percent or approximately \$10,474,600. The decrease in both the unrestricted net position and total net position occurred primarily due to the addition of the Agency's share of the net pension liability for the IPERS (Iowa Public Employees Retirement System) pension program.

The Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pension – an Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 was restated (\$11,493,484) to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after July 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net position liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

SUMMARY OF NET POSITION							
(in thousands of dollars)							
	Governmental Activities		Business-Type Activities		Total		Percentage Change
	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014-2015</u>
Total Assets	11,922.9	12,283.2	48.8	48.5	11,971.7	12,331.7	3.0%
Deferred outflows of resources	-	1,841.7	-	-	-	1,841.7	-
Total Liabilities	4,813.7	13,897.8	1.4	1.1	4,815.1	13,898.9	188.7%
Deferred inflows of resources	-	3,592.5	-	-	-	3,592.5	-
Net investment in capital assets	2,991.2	2,887.0	-	-	2,991.2	2,887.0	(3.5)%
Restricted	74.4	80.1	-	-	74.4	80.1	7.7%
Unassigned	4,043.6	(6,332.5)	47.4	47.4	4,091.0	(6,285.1)	(253.6)%
Total Net Position	7,109.2	(3,365.4)	47.4	47.4	7,156.6	(3,318.0)	(146.4)%

The following analysis details the changes in net position resulting from the Agency's activities.

CHANGES IN NET POSITION FROM OPERATING RESULTS							
(in thousands of dollars)							
	Governmental Activities		Business-Type Activities		Total		Percentage Change
	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014-2015</u>
Program Revenues:							
Charges for services	1,153.1	1,125.8	25.8	3.3	1,178.9	1,129.1	(4.2)%
Operating Grants and Contributions	11,123.1	11,375.8	-	-	11,123.1	11,375.8	2.3%
General Revenues:							
Property taxes	6,373.6	6,458.7	-	-	6,373.6	6,458.7	1.3%
State aid	6,722.0	7,046.4	-	-	6,722.0	7,046.4	4.8%
Total revenues	25,371.8	26,006.7	25.8	3.3	25,397.6	26,010.0	2.4%
Expenditures:							
Current:							
Instruction	1,573.0	1,666.1	-	-	1,573.0	1,666.1	5.9%
Student support services	18,366.9	17,853.3	-	-	18,366.9	17,853.3	(2.8)%
Media services	1,602.0	1,493.9	-	-	1,602.0	1,493.9	(6.7)%
General administration	1,273.2	1,349.7	-	-	1,273.2	1,349.7	6.0%
Educational services	1,812.9	1,800.3	-	-	1,812.9	1,800.3	(0.7)%
Plant operations and maintenance	403.8	456.0	-	-	403.8	456.0	12.9%
Central and other support services	433.6	333.5	-	-	433.6	333.5	(23.1)%
Interest on long-term debt	40.7	32.9	-	-	40.7	32.9	(19.2)%
Cooperative purchasing	-	-	25.8	3.3	25.8	3.3	(87.2)%
Total expenditures	25,506.1	24,985.7	25.8	3.3	25,531.9	24,989.0	(2.1)%
Excess (deficiency) before special item	(134.3)	1,021.0	-	-	(134.4)	1,021.0	860.2%
Special Items:							
Gain (loss) on disposal of assets	(1.1)	(2.1)	-	-	(1.1)	(2.1)	(90.9)%
Total Special Items	(1.1)	(2.1)	-	-	(1.1)	(2.1)	(90.9)%
Increase (decrease) in net position	(135.4)	1,018.9	-	-	(135.4)	1,018.9	852.5%

The Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 was restated by \$11,493,484 to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

Governmental Activities

Revenues for the Agency's governmental activities were \$26,004,542 and expenses were \$24,985,672. Total fund balances increased \$1,018,870.

Business-Type Activities

Revenues and expenditures of the Agency's business-type activities (the Cooperative Purchasing Fund) decreased from \$25,834 in fiscal year 2014 to \$3,257 in fiscal year 2015.

INDIVIDUAL FUND ANALYSIS

As previously noted, Great Prairie AEA uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Agency's governmental funds reported combined fund balances of \$4,231,515 or an increase of \$450,884 from the beginning of the year's fund balances of \$3,780,631. The primary reason revenues exceeded expenditures was due to revenues exceeded expenditures in the Special Education Program.

Governmental Fund Highlights

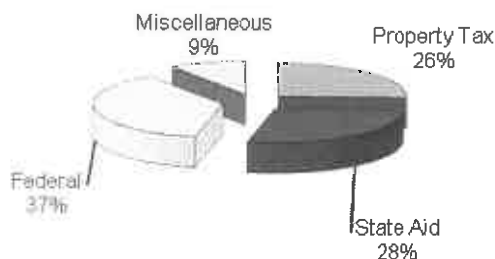
The Agency's General Fund financial position increased due primarily to revenues exceeded expenditures in the Special Education Program.

General Fund

Revenues:

Property Tax	6,458,659	26%
State Aid	7,046,445	28%
Federal	9,407,019	37%
Miscellaneous	2,401,444	9%
Total	25,313,567	100%

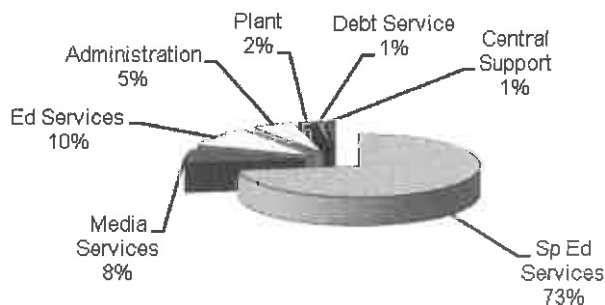
**Great Prairie AEA
2014-2015 Revenues**



Expenditures:

Sp Ed Services	18,124,321	73%
Media Services	1,887,197	8%
Ed Services	2,466,086	10%
Administration	1,371,175	6%
Plant	460,614	2%
Debt Service	202,896	1%
Central Support	350,357	1%
Total	24,862,646	100%
Net	450,921	

**Great Prairie AEA
2014-2015 Expenditures**



Proprietary Fund Highlights

The Co-op Fund net position remained constant at \$47,425 in fiscal 2015. As previously noted, the Agency operates a cooperative purchasing fund for the benefit of the school districts served by the Agency.

BUDGETARY HIGHLIGHTS

The Agency's Board of Directors annually adopts a budget on a basis consistent with U.S. generally accepted accounting principles. Although the budget document presents functional disbursements by fund, the legal level of control is at the total expenditure level, not at the fund or fund type level. After required public notice and hearing in accordance with the Code of Iowa, the Board submits its budget to the State Board of Education. The State Board reviews the proposed budget and either grants approval or returns it without approval with comments. Any unapproved budget must be resubmitted to the State Board for final approval. The budget may be amended during the year utilizing procedures prescribed by the State Board. Over the course of the year, the Agency amended its annual operating budget once to reflect additional revenue and expenditures associated with new grants and other information such as salary increases for staff, which were not available when the original budget was adopted. A schedule showing the original and final budget amounts compared to the Agency's actual financial activity is included in the required supplementary information section of this report.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

By the end of fiscal 2015, the Agency had invested \$3.46 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, materials lending library, computers and audio-visual equipment. More detailed information about capital assets is available in Note 3 to the financial statements. Depreciation expense for the year was \$510,527. Total accumulated depreciation was \$10,483,590 at June 30, 2015.

Excluding depreciation, the Agency has \$13.9 million in capital assets. Governmental funds account for the entire \$13.9 million.

Long-Term Debt

At June 30, 2015, the Agency had \$9,791,505 in long-term liabilities outstanding, compared to \$889,425 at June 30, 2014. The increase was due primarily to the addition of the Agency's share of the net pension liability for the IPERS pension program. More detailed information about the Agency's long-term liabilities is available in Notes 4 and 5 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

At the time these financial statements were prepared and audited, the Agency was aware of several circumstances that could significantly affect its financial health in the future:

- In Fiscal Year 2015, the state legislature continued the restoration of \$5.0 million of the \$27.5 million reduction in state aid to all of the state's area education agencies. Great Prairie Area Education Agency's portion of the \$5.0 million restoration was \$405,487. Great Prairie Area Education Agency's portion of the remaining \$22.5 million reduction is \$1,827,278. The \$22.5 million reduction was continued into Fiscal Year 2016.

- The Agency's student enrollment projections continue to reflect a decline. State aid funding and flow through property tax funding for the Agency is tied to enrollment.
- The bonded indebtedness for the Ottumwa building was retired in Fiscal Year 2014.

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Agency's citizens, taxpayers, customers, and investors and creditors with a general overview of the Agency's finances and to demonstrate the Agency's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Dennis Gourley, Chief Financial Officer, Great Prairie Area Education Agency, 2814 North Court Street, Ottumwa, Iowa 52501-1163.

BASIC FINANCIAL STATEMENTS

GREAT PRAIRIE AREA EDUCATION AGENCY

STATEMENT OF NET POSITION

JUNE 30, 2015

	Governmental Activities	Business Type Activities	Total
<u>ASSETS</u>			
Cash, cash equivalents and pooled investments	\$ 5,455,722	\$ 47,425	\$ 5,503,147
Receivables:			
Accounts	582,556	-	582,556
Due from other governments	2,387,238	1,080	2,388,318
Inventories	87,614	-	87,614
Net OPEB asset	308,069	-	308,069
Capital assets - Net of accumulated depreciation	<u>3,462,028</u>	<u>-</u>	<u>3,462,028</u>
TOTAL ASSETS	<u>12,283,227</u>	<u>48,505</u>	<u>12,331,732</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension related deferred outflows	<u>1,841,720</u>	<u>-</u>	<u>1,841,720</u>
<u>LIABILITIES</u>			
Accounts payable	1,089,136	1,080	1,090,216
Salaries and benefits payable	2,966,079	-	2,966,079
Deferred revenue:			
Federal grants	51,095	-	51,095
Long-term liabilities:			
Portion due or payable within one year:			
Certificates of participation	180,000	-	180,000
Compensated absences	175,305	-	175,305
Portion due or payable after one year:			
Certificates of participation	395,000	-	395,000
Net pension liability	<u>9,041,200</u>	<u>-</u>	<u>9,041,200</u>
TOTAL LIABILITIES	<u>13,897,815</u>	<u>1,080</u>	<u>13,898,895</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension related deferred inflows	<u>3,592,530</u>	<u>-</u>	<u>3,592,530</u>
<u>NET POSITION</u>			
Net investment in capital assets	2,887,028	-	2,887,028
Restricted for:			
Encumbrances	9,282	-	9,282
Special education instruction	70,883	-	70,883
Unrestricted	<u>(6,332,591)</u>	<u>47,425</u>	<u>(6,285,166)</u>
TOTAL NET POSITION	<u>\$ (3,365,398)</u>	<u>\$ 47,425</u>	<u>\$ (3,317,973)</u>

GREAT PRAIRIE AREA EDUCATION AGENCY

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

		<u>Program Revenues</u>	
	<u>Expenses</u>	<u>Charges for Service</u>	<u>Operating Grants, and Contributions</u>
<u>FUNCTIONS/PROGRAMS:</u>			
Governmental activities:			
Regular instruction	\$ 1,666,090	\$ 1,125,768	\$ 339,308
Student support services	17,853,349	-	10,547,174
Media services	1,493,870	-	48,526
General administration	1,349,698	-	-
Educational services	1,800,310	-	440,771
Plant operations and maintenance	455,977	-	-
Central and other support services	333,482	-	-
Interest on long-term debt	32,896	-	-
Total governmental activities	<u>24,985,672</u>	<u>1,125,768</u>	<u>11,375,779</u>
Business type activities:			
Non-instructional programs:			
Cooperative purchasing	<u>3,257</u>	<u>3,257</u>	<u>-</u>
Total	\$ <u>24,988,929</u>	\$ <u>1,129,025</u>	\$ <u>11,375,779</u>

GENERAL REVENUES:

Property taxes levied for general purposes
State foundation aid
Loss on disposal of capital assets
Total general revenues

Change in net position

Net position beginning of year, as restated

Net position end of year

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business Type Activities	Total
\$ (201,014)	\$ -	\$ (201,014)
(7,306,175)	-	(7,306,175)
(1,445,344)	-	(1,445,344)
(1,349,698)	-	(1,349,698)
(1,359,539)	-	(1,359,539)
(455,977)	-	(455,977)
(333,482)	-	(333,482)
(32,896)	-	(32,896)
<u>(12,484,125)</u>	<u>-</u>	<u>(12,484,125)</u>
<u>-</u>	<u>-</u>	<u>-</u>
<u>(12,484,125)</u>	<u>-</u>	<u>(12,484,125)</u>
6,458,659	-	6,458,659
7,046,445	-	7,046,445
(2,109)	-	(2,109)
<u>13,502,995</u>	<u>-</u>	<u>13,502,995</u>
1,018,870	-	1,018,870
<u>(4,384,268)</u>	<u>47,425</u>	<u>(4,336,843)</u>
\$ <u>(3,365,398)</u>	\$ <u>47,425</u>	\$ <u>(3,317,973)</u>

GREAT PRAIRIE AREA EDUCATION AGENCY

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General	Nonmajor Governmental Funds	Total
<u>ASSETS</u>			
Cash, cash equivalents and pooled investments	\$ 5,452,810	\$ 77,034	\$ 5,529,844
Receivables:			
Accounts	380,231	202,325	582,556
Due from other governments	2,387,238	-	2,387,238
Inventories	87,614	-	87,614
	<u>87,614</u>	<u>-</u>	<u>87,614</u>
TOTAL ASSETS	\$ <u>8,307,893</u>	\$ <u>279,359</u>	\$ <u>8,587,252</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 1,088,353	\$ 783	\$ 1,089,136
Bank overdraft	-	74,122	74,122
Salaries and benefits payable	2,857,647	108,432	2,966,079
Compensated absences	175,305	-	175,305
Advances from grantors	25,956	25,139	51,095
	<u>4,147,261</u>	<u>208,476</u>	<u>4,355,737</u>
TOTAL LIABILITIES	\$ <u>4,147,261</u>	\$ <u>208,476</u>	\$ <u>4,355,737</u>
Fund balances:			
Nonspendable:			
Inventories	87,614	-	87,614
Restricted for:			
Special education instruction	-	70,883	70,883
Categorical funding	152,860	-	152,860
Encumbrances	9,282	-	9,282
Assigned:			
Albia parking lot	65,000	-	65,000
Carpet	120,750	-	120,750
Ottumwa tuckpointing	65,000	-	65,000
Alley replacement	90,000	-	90,000
Rooftop units	126,000	-	126,000
Unassigned	3,444,126	-	3,444,126
Total fund balances	<u>4,160,632</u>	<u>70,883</u>	<u>4,231,515</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>8,307,893</u>	\$ <u>279,359</u>	\$ <u>8,587,252</u>

GREAT PRAIRIE AREA EDUCATION AGENCY

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET ASSETS
JUNE 30, 2015

<u>TOTAL GOVERNMENTAL FUND BALANCES</u>	\$ 4,231,515
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$13,945,618 and the accumulated depreciation is \$10,483,590.	3,462,028
Pension related deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, are not due and payable in the current year and, therefore, are not reported in the governmental funds.	
Deferred outflows of resources	1,841,720
Deferred inflows of resources	<u>(3,592,530)</u> (1,750,810)
Other long-term assets are not available to pay current period expenditures and, therefore, are not recorded in the governmental funds.	308,069
Long-term liabilities, including certificates of participation and net pension liability are not due and payable in the current year and, therefore, are not reported in the governmental funds.	<u>(9,616,200)</u>
<u>NET POSITION OF GOVERNMENTAL ACTIVITIES</u>	\$ <u>(3,365,398)</u>

GREAT PRAIRIE AREA EDUCATION AGENCY

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	General	Nonmajor Governmental Funds	Total
Revenues:			
Local sources	\$ 7,224,600	\$ 361,114	\$ 7,585,714
State sources	8,674,610	339,308	9,013,918
Federal sources	9,407,019	-	9,407,019
Total revenues	<u>25,306,229</u>	<u>700,422</u>	<u>26,006,651</u>
Expenditures:			
Current:			
Instruction	-	693,121	693,121
Student support services	18,124,321	-	18,124,321
Media services	1,887,197	-	1,887,197
General administration	1,371,175	-	1,371,175
Educational services	2,466,086	-	2,466,086
Plant operations and maintenance	460,614	-	460,614
Central and other support services	350,357	-	350,357
Debt service	-	202,896	202,896
Total expenditures	<u>24,659,750</u>	<u>896,017</u>	<u>25,555,767</u>
Excess (deficiency) of revenues over (under) expenditures	<u>646,479</u>	<u>(195,595)</u>	<u>450,884</u>
Other financing sources (uses):			
Transfers in	7,338	202,896	210,234
Transfers out	<u>(202,896)</u>	<u>(7,338)</u>	<u>(210,234)</u>
Total other financing sources (uses)	<u>(195,558)</u>	<u>195,558</u>	<u>-</u>
Change in fund balances	450,921	(37)	450,884
Fund balances beginning of year	<u>3,709,711</u>	<u>70,920</u>	<u>3,780,631</u>
Fund balances end of year	\$ <u>4,160,632</u>	\$ <u>70,883</u>	\$ <u>4,231,515</u>

GREAT PRAIRIE AREA EDUCATION AGENCY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 450,884

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the estimated useful lives of the assets. Governmental funds report the selling price of capital assets disposed while governmental activities report gains and losses on the disposal of capital assets. Depreciation expense and loss on disposal of capital assets exceeded capital outlay expenditures in the current year, as follows:

Expenditures for capital assets	\$ 238,423	
Depreciation expense	(510,527)	
Loss on disposal of capital assets	<u>(2,109)</u>	(274,213)

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

170,000

The current year Agency employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position.

1,344,451

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Other postemployment benefits	(29,275)	
Pension expense	<u>(642,977)</u>	<u>(672,252)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 1,018,870

GREAT PRAIRIE AREA EDUCATION AGENCYSTATEMENT OF NET POSITIONPROPRIETARY FUNDJUNE 30, 2015EnterpriseCooperative
PurchasingASSETS:

Current assets:

Cash, cash equivalents and pooled investments

\$ 47,425

Due from other governments

1,080

Total assets

48,505LIABILITIES:

Accounts payable

1,080NET POSITION:

Unrestricted

\$ 47,425

GREAT PRAIRIE AREA EDUCATION AGENCYSTATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITIONPROPRIETARY FUNDYEAR ENDED JUNE 30, 2015EnterpriseCooperative
Purchasing

Operating revenues:

Charges for service

\$ 3,257

Operating expenses:

Non-instructional programs:

Purchased services

3,257

Operating income

Net position beginning of year

47,425

Net position end of year

\$ 47,425

GREAT PRAIRIE AREA EDUCATION AGENCY

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2015

	<u>Enterprise</u>
	<u>Cooperative</u> <u>Purchasing</u>
Cash flows from operating activities:	
Cash received from customers	\$ 7,401
Cash paid to suppliers	<u>(3,535)</u>
Net cash provided by operating activities	3,866
Cash, cash equivalents and pooled investments, beginning of year	<u>43,559</u>
Cash, cash equivalents and pooled investments, end of year	\$ <u>47,425</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$
Adjustments to reconcile operating income to net cash provided by operating activities:	
Decrease in due from other governments	4,144
Decrease in accounts payable	<u>(278)</u>
Net cash provided by operating activities	\$ <u>3,866</u>

GREAT PRAIRIE AREA EDUCATION AGENCY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Great Prairie Area Education Agency is an intermediate school corporation established to identify and serve children who require special education. The Agency also provides media services and education support services. These programs and support services are provided to 40 school districts and private schools in a fourteen-county area. The Agency is governed by a Board of Directors whose members are elected on a non-partisan basis.

The Agency's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

Reporting Entity

For financial reporting purposes, Great Prairie Area Education Agency has included all funds, organizations, agencies, boards, commissions and authorities. The Agency has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Agency are such that exclusion would cause the Agency's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set fourth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Agency to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Agency. Great Prairie Area Education Agency has no component units which meet the Governmental Accounting Standards Board criteria.

Basis of Presentation

Government-wide financial statements – The Statement of Net Position and the Statement of Activities report information on all of the activities of the Agency. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Position presents the Agency's nonfiduciary assets and liabilities, with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position often is subject to constraints imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and (2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Unrestricted interest income and other items not properly included among program revenues are reported as general revenues.

GREAT PRAIRIE AREA EDUCATION AGENCY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

Separate financial statements are provided for governmental and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The Agency reports the following major governmental fund:

The General Fund is the general operating fund of the Agency. All general revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

Measurement Focus and Basis of Accounting

The government-wide financial statements and the proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the Agency considers revenues to be available if they are collected within 60 days after year end.

Intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the Agency.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the Agency funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Agency's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the Agency's policy is to pay the expenditure from restricted fund balances and then from, less-restrictive classifications - committed, assigned, and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Agency's Enterprise Fund is charges to customers for services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

GREAT PRAIRIE AREA EDUCATION AGENCY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity

Cash, Cash Equivalents and Pooled Investments – Cash includes amounts in demand deposits and money market funds. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Inventories – Inventories are stated at cost using the first-in, first-out method and consist of expendable supplies and materials. The cost of these items is recorded as an expenditure at the time of consumption.

Capital Assets – Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the Agency as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of one year.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 300
Buildings	300
Improvements other than buildings	300
Furniture and equipment	300
Library books and films	300

Capital assets of the Agency are depreciated using the straight line method of depreciation over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	50
Improvements other than buildings	20
Furniture and equipment	5
Library books and films	5

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

Salaries and Benefits Payable – Payroll and related expenses for teachers with annual contracts corresponding to the current school year, which are payable in July and August have been accrued as liabilities.

Deferred Revenue – Deferred revenue represents an excess of cash advances by the funding source over accrued expenditures at year end.

GREAT PRAIRIE AREA EDUCATION AGENCY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences – Agency employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. A liability has been recorded in the Statement of Net Position representing the Agency's commitment to fund non-current compensated absences. This liability has been computed based on rates of pay in effect at June 30, 2015. The compensated absences liability attributable to the governmental activities will be paid primarily by the General and Special Revenue Funds.

Long-Term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the statement of net position.

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources – Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

Fund Balances – In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Assigned – Amounts the Board of Directors intends to use for specific purposes.

Unassigned – All amounts not included in the preceding classifications.

Budgets and Budgetary Accounting – The budgetary comparison and related disclosures are reported as Required Supplementary Information.

NOTE 2: CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS

The Agency's deposits in banks at June 30, 2015 were entirely covered by federal depository insurance or by the state sinking fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The Agency is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Directors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts, and warrants or improvement certificates of a drainage district.

GREAT PRAIRIE AREA EDUCATION AGENCY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2: CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS (Continued)

The Agency had investments in the Iowa Schools Joint Investment Trust Diversified Portfolio which are valued at an amortized cost of \$5,858 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Schools Joint Investment Trust was rated AAA by Standard & Poor's Financial Services.

Interest rate risk – The Agency's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the Agency.

NOTE 3: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2015 is as follows:

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 347,760	\$ -	\$ -	\$ 347,760
Capital assets being depreciated:				
Buildings	2,836,169	-	-	2,836,169
Improvements other than buildings	2,725,997	-	-	2,725,997
Furniture and equipment	6,107,751	194,491	166,053	6,136,189
Library books and films	<u>1,859,720</u>	<u>43,932</u>	<u>4,149</u>	<u>1,899,503</u>
Total capital assets being depreciated	<u>13,529,637</u>	<u>238,423</u>	<u>170,202</u>	<u>13,597,858</u>
Less accumulated depreciation for:				
Buildings	984,016	56,724	-	1,040,740
Improvements other than buildings	1,883,725	91,030	-	1,974,755
Furniture and equipment	5,589,602	262,164	163,944	5,687,822
Library books and films	<u>1,683,813</u>	<u>100,609</u>	<u>4,149</u>	<u>1,780,273</u>
Total accumulated depreciation	<u>10,141,156</u>	<u>510,527</u>	<u>168,093</u>	<u>10,483,590</u>
Total capital assets being depreciated, net	<u>3,388,481</u>	<u>(272,104)</u>	<u>2,109</u>	<u>3,114,268</u>
Governmental activities capital assets, net	\$ <u>3,736,241</u>	\$ <u>(272,104)</u>	\$ <u>2,109</u>	\$ <u>3,462,028</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Student support services	\$ 302,427
Media services and instruction	131,649
General administration	22,552
Educational services	40,561
Plant operations and maintenance	7,576
Central and other support services	<u>5,762</u>
Total depreciation expense - Governmental activities	\$ <u>510,527</u>

GREAT PRAIRIE AREA EDUCATION AGENCY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 4: LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2015 is as follows:

	<u>Balance Beginning of Year, As Restated</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance End Of Year</u>	<u>Due Within One Year</u>
Certificates of participation	\$ 745,000	\$ -	\$ 170,000	\$ 575,000	\$ 180,000
Net pension liability	12,825,624	-	3,784,424	9,041,200	-
Compensated absences	<u>144,425</u>	<u>175,305</u>	<u>144,425</u>	<u>175,305</u>	<u>175,305</u>
Total	\$ <u>13,715,049</u>	\$ <u>175,305</u>	\$ <u>4,098,849</u>	\$ <u>9,791,505</u>	\$ <u>355,305</u>

Certificates of Participation

The Agency sold certificates of participation for land and facilities for a total of \$5,650,000. The certificates of participation represent an ownership interest of the certificate holder in a lease purchase agreement. The certificates mature over a period of 10 years with an interest rate of 4.08%. The following is a schedule by year of the future minimum payments required:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 180,000	\$ 23,460	\$ 203,460
2017	195,000	16,116	211,116
2018	<u>200,000</u>	<u>8,160</u>	<u>208,160</u>
Total	\$ <u>575,000</u>	\$ <u>47,736</u>	\$ <u>622,736</u>

Payments on the certificates of participation for the year ended June 30, 2015, including interest, totaled \$200,396.

NOTE 5: PENSION PLAN

Plan Description – IPERS membership is mandatory for employees of the Agency, except for those covered by another retirement system. Employees of the Agency are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

GREAT PRAIRIE AREA EDUCATION AGENCY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 5: PENSION PLAN (Continued)

Pension Benefits (Continued)

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits – A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions – Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the Agency contributed 8.93 percent for a total rate of 14.88 percent.

The Agency's contributions to IPERS for the year ended June 30, 2015 were \$1,344,451.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2015, the Agency reported a liability of \$9,041,200 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Agency's proportion of the net pension liability was based on the Agency's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the Agency's proportion was .223400 percent, which was an decrease of .003121 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the Agency recognized pension expense of \$642,977. At June 30, 2015, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 98,260	\$ -
Changes of assumptions	399,009	-
Net difference between projected and actual earnings on pension plan investments	-	3,448,054
Changes in proportion and differences between Agency contributions and proportionate share of contributions	-	144,476
Agency contributions subsequent to the measurement date	<u>1,344,451</u>	<u>-</u>
Total	\$ <u>1,841,720</u>	\$ <u>3,592,530</u>

GREAT PRAIRIE AREA EDUCATION AGENCY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 5: PENSION PLAN (Continued)

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

\$1,344,451 reported as deferred outflows of resources related to pensions resulting from the Agency contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended <u>June 30,</u>		
2016	\$	(779,585)
2017		(779,585)
2018		(779,585)
2019		(779,585)
2020		<u>23,079</u>
	\$	<u>(3,095,261)</u>

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation (effective June 30, 2014)	3.00 percent per annum
Salary increases (effective June 30, 2014)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net of investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	23 %	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	<u>1</u>	<u>(0.69)</u>
Total	<u>100</u> %	

GREAT PRAIRIE AREA EDUCATION AGENCY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 5: PENSION PLAN (Continued)

Discount Rate – The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the Agency will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Agency's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the Agency's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the Agency's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
Agency's proportionate share of the net pension liability	\$ 17,083,094	\$ 9,041,200	\$ 2,253,009

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to the Pension Plan – At June 30, 2015, the Agency reported payables to the defined benefit pension plan of \$119,265 for legally required employer contributions and \$79,466 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

NOTE 6: RISK MANAGEMENT

Great Prairie Area Education Agency is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The Agency assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 7: MAJOR REVENUE SOURCE

The Agency receives the majority of its funding from grants with the State of Iowa and the Federal government. The majority of the Agency's funding is accomplished through a reimbursement system. The Agency incurs the expense, pays for the expense, submits a reimbursement voucher to the appropriate agency and is reimbursed for the expense.

NOTE 8: OPERATING LEASES

The Agency has leased various facilities within the area to house the different divisions of the Agency. These leases have been classified as operating leases and, accordingly, all rents are charged to expenditures as incurred. The leases have various expiration dates. Certain leases are renewable for additional periods. Some of the leases also require the payment of normal maintenance and insurance on the properties. In most cases, management expects that the leases will be renewed or replaced by other leases.

GREAT PRAIRIE AREA EDUCATION AGENCY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 8: OPERATING LEASES (Continued)

The following is a schedule by year of future minimum rental payments required under operating leases which have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2015.

Year Ending
June 30,

2016	\$	<u>15,000</u>
------	----	---------------

The total rental expenditures for the year ended June 30, 2015, for all operating leases, except those with terms of a month or less that were not renewed, were \$38,375.

NOTE 9: LITIGATION

The Agency is, from time to time, involved in lawsuits arising in the ordinary course of its business that, in the opinion of management, will not have a material effect on the Agency's results of operations. The Agency's insurance policy covers most of these items.

NOTE 10: OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description – The Agency operates a single-employer health benefit plan which provides medical benefits for employees, retirees and, if elected, their spouses. There are 121 active and 34 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical coverage is provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy – The contribution requirements of plan members are established and may be amended by the Agency. The Agency currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The Agency's annual OPEB cost is calculated based on the annual required contribution (ARC) of the Agency, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the Agency's annual OPEB cost for the year ended June 30, 2015, the amount actually contributed to the plan and changes in the Agency's net OPEB obligation (asset):

Annual required contribution	\$	173,528
Interest on net OPEB obligation		(3,373)
Adjustment to annual required contribution		<u>24,331</u>
Annual OPEB cost		194,486
Contributions made		<u>(165,211)</u>
Decrease in net OPEB cost		29,275
Net OPEB asset beginning of year		<u>(337,344)</u>
Net OPEB asset end of year	\$	<u>(308,069)</u>

For calculation of the net OPEB asset, the actuary has set the transition day as July 1, 2008. The end of year net OPEB asset was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

GREAT PRAIRIE AREA EDUCATION AGENCY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 10: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

For the year ended June 30, 2015, plan members eligible for benefits contributed \$165,211 or 100% of the premium costs.

Agency's Annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB asset are summarized as follows:

<u>Year Ended June 30,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Asset</u>
2013	\$ <u>144,219</u>	141.2%	\$ <u>(243,148)</u>
2014	\$ <u>145,916</u>	164.6%	\$ <u>(337,344)</u>
2015	\$ <u>194,486</u>	85.0%	\$ <u>(308,069)</u>

Funded Status and Funding Progress – As of July 1, 2014, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$1,598,472 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,598,472. The covered payroll (annual payroll of active employees covered by the plan) was \$9,349,432 and the ratio of the UAAL to covered payroll was 17.10%. As of June 30, 2015, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumption about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2014 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 1% discount rate based on the Agency's funding policy. The projected annual medical trend rate is 9%. The ultimate medical trend rate is 5%. The medical trend rate is reduced .5% each year until reaching the 5% ultimate trend rate. An inflation rate of 3% is assumed for the purpose of this computation.

Mortality rates are developed by the Society of Actuaries. Annual retirement and termination probabilities were developed from the retirement probabilities from recent Great Prairie AEA School District experience and applying the termination factors based upon national termination studies performed by the Society of Actuaries.

Projected claim costs of the medical plan are \$676 (\$1,689 family) per month. The salary increase rate was assumed to be 0% per year. The UAAL is being amortized as a level dollar amount over 15 years.

GREAT PRAIRIE AREA EDUCATION AGENCY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 11: INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2015 is as follows:

<u>Transfer to:</u>	<u>Transfer from:</u>		
	Special Revenue Funds:		
General	Special Education Instruction	\$	7,338
Debt Service	General		<u>202,896</u>
		\$	<u>210,234</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

NOTE 12: DEFICIT BALANCE

The Agency had a governmental activities deficit net position balance of 3,365,398 at June 30, 2015 primarily due to the net pension liability.

NOTE 13: ACCOUNTING CHANGE/RESTATEMENT

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27 was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position for governmental activities was restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	<u>Governmental Activities Net Position</u>
Net position June 30, 2014, as previously reported	\$ 7,109,216
Net pension liability at June 30, 2014	(12,825,624)
Deferred outflows of resources related to prior year contributions made after the June 30, 2013 measurement date	<u>1,332,140</u>
Net position June 30, 2014, as restated	\$ <u>(4,384,268)</u>

NOTE 14: EVALUATION OF SUBSEQUENT EVENTS

The Agency has evaluated subsequent events through February 5, 2016, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

GREAT PRAIRIE AREA EDUCATION AGENCY

SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES AND CHANGES
IN BALANCES - BUDGET AND ACTUAL
ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUND
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2015

	Governmental Funds <u>Actual</u>	Proprietary Fund <u>Actual</u>	Total <u>Actual</u>
Revenues:			
Local sources	\$ 7,585,714	\$ 3,257	\$ 7,588,971
State sources	9,013,918	-	9,013,918
Federal sources	9,407,019	-	9,407,019
Total revenues	<u>26,006,651</u>	<u>3,257</u>	<u>26,009,908</u>
Expenditures/Expenses:			
Current:			
Instruction	693,121	-	693,121
Student support services	18,124,321	-	18,124,321
Media services	1,887,197	-	1,887,197
General administration	1,371,175	-	1,371,175
Educational services	2,466,086	-	2,466,086
Plant operations and maintenance	460,614	-	460,614
Central and other support services	350,357	-	350,357
Non instructional programs	-	3,257	3,257
Debt service	<u>202,896</u>	<u>-</u>	<u>202,896</u>
Total expenditures/expenses	<u>25,555,767</u>	<u>3,257</u>	<u>25,559,024</u>
Excess (deficiency) of revenues over (under) expenditures/ expenses	450,884	-	450,884
Balance beginning of year	<u>3,780,631</u>	<u>47,425</u>	<u>3,828,056</u>
Balance end of year	\$ <u>4,231,515</u>	\$ <u>47,425</u>	\$ <u>4,278,940</u>

Budget		Final to Actual Variance
<u>Original</u>	<u>Final</u>	
\$ 8,017,550	\$ 7,878,170	\$ (289,199)
10,292,404	8,918,315	95,603
9,420,888	9,394,158	12,861
<u>27,730,842</u>	<u>26,190,643</u>	<u>(180,735)</u>
704,449	729,622	36,501
20,584,190	18,410,880	286,559
1,889,545	1,815,575	(71,622)
1,172,433	1,185,405	(185,770)
2,367,711	2,397,036	(69,050)
387,302	527,576	66,962
466,346	457,642	107,285
500,000	500,000	496,743
202,896	202,896	-
<u>28,274,872</u>	<u>26,226,632</u>	<u>667,608</u>
(544,030)	(35,989)	486,873
<u>3,648,656</u>	<u>3,828,057</u>	<u>(1)</u>
\$ <u>3,104,626</u>	\$ <u>3,792,068</u>	\$ <u>486,872</u>

GREAT PRAIRIE AREA EDUCATION AGENCY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY REPORTING

YEAR ENDED JUNE 30, 2015

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

The Agency's Board of Directors annually prepares a budget on a basis consistent with U.S. generally accepted accounting principles. Although the budget document presents function expenditures/expenses by fund, the legal level of control is at the total expenditure/expense level, not by fund. After required public notice and hearing in accordance with the Code of Iowa, the Board submits its budget to the State Board of Education. The State Board reviews the proposed budget and either grants approval or returns it without approval with comments. Any unapproved budget must be resubmitted to the State Board for final approval. The budget may be amended during the year utilizing procedures prescribed by the State Board.

For the year ended June 30, 2015, the Agency's expenditures/expenses did not exceed the approved budget.

GREAT PRAIRIE AREA EDUCATION AGENCY

SCHEDULE OF THE AGENCY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST FISCAL YEAR*

REQUIRED SUPPLEMENTARY INFORMATION

	<u>2015</u>
Agency's proportion of the net pension liability (asset)	0.223400 %
Agency's proportionate share of the net pension liability (asset)	\$ 9,041,200
Agency's covered-employee payroll	\$ 14,915,812
Agency's proportionate share of the net pension liability as a percentage of its covered-employee payroll	60.61 %
Plan fiduciary net position as a percentage of the total pension liability	87.61 %

* The amounts presented for each fiscal year were determined as of June 30.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Agency will present information for those years for which information is available.

GREAT PRAIRIE AREA EDUCATION AGENCY

SCHEDULE OF AGENCY CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST 2 FISCAL YEARS

REQUIRED SUPPLEMENTARY INFORMATION

	<u>2015</u>	<u>2014</u>
Statutorily required contribution	\$ 1,344,451	\$ 1,332,140
Contributions in relation to the statutorily required contribution	1,344,451	1,332,140
Contribution deficiency (excess)	\$ -	\$ -
Agency's covered-employee payroll	\$ 15,055,445	\$ 14,915,812
Contributions as a percentage of covered-employee payroll	8.93 %	8.93 %

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Agency will present information for those years for which information is available.

GREAT PRAIRIE AREA EDUCATION AGENCY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY

YEAR ENDED JUNE 30, 2015

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

GREAT PRAIRIE AREA EDUCATION AGENCY

SCHEDULE OF FUNDING PROGRESS FOR THE
RETIREE HEALTH PLAN

REQUIRED SUPPLEMENTARY INFORMATION

<u>Year Ended</u> <u>June 30,</u>	<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Actuarial</u> <u>Value of</u> <u>Assets</u> <u>(a)</u>	<u>Actuarial</u> <u>Accrued</u> <u>Liability</u> <u>(AAL)</u> <u>(b)</u>	<u>Unfunded</u> <u>AAL</u> <u>(UAAL)</u> <u>(b-a)</u>	<u>Funded</u> <u>Ratio</u> <u>(a/b)</u>	<u>Covered</u> <u>Payroll</u> <u>(c)</u>	<u>UAAL as a</u> <u>Percentage</u> <u>of Covered</u> <u>Payroll</u> <u>((b-a)/c)</u>
2009	July 1, 2008	\$ -	\$ 1,540,114	\$ 1,540,114	0.00%	\$ 10,369,470	14.85%
2010	July 1, 2008	\$ -	\$ 1,540,114	\$ 1,540,114	0.00%	\$ 16,530,866	9.32%
2011	July 1, 2010	\$ -	\$ 1,353,485	\$ 1,353,485	0.00%	\$ 16,806,809	8.05%
2012	July 1, 2010	\$ -	\$ 1,353,485	\$ 1,353,485	0.00%	\$ 15,071,398	8.98%
2013	July 1, 2012	\$ -	\$ 2,004,843	\$ 2,004,843	0.00%	\$ 15,650,768	12.81%
2014	July 1, 2012	\$ -	\$ 2,004,843	\$ 2,004,843	0.00%	\$ 8,929,704	22.45%
2015	July 1, 2014	\$ -	\$ 1,598,472	\$ 1,598,472	0.00%	\$ 9,349,432	17.10%

See Note 10 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Asset, funded status and funding progress.

SUPPLEMENTARY INFORMATION

GREAT PRAIRIE AREA EDUCATION AGENCY

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2015

	Special Revenue		
	Special Education Instruction	Juvenile Home Education	Total
<u>ASSETS</u>			
Cash, cash equivalents and pooled investments	\$ -	\$ 77,034	\$ 77,034
Accounts receivable	<u>202,325</u>	<u>-</u>	<u>202,325</u>
TOTAL ASSETS	\$ <u>202,325</u>	\$ <u>77,034</u>	\$ <u>279,359</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 252	\$ 531	\$ 783
Bank overdraft	74,122	-	74,122
Salaries and benefits payable	57,068	51,364	108,432
Advances from grantors	<u>-</u>	<u>25,139</u>	<u>25,139</u>
Total liabilities	131,442	77,034	208,476
Fund balances:			
Restricted for:			
Special education instruction	<u>70,883</u>	<u>-</u>	<u>70,883</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>202,325</u>	\$ <u>77,034</u>	\$ <u>279,359</u>

GREAT PRAIRIE AREA EDUCATION AGENCY

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	Special Revenue			
	Special Education Instruction	Juvenile Home Education	Debt Service	Total
Revenues:				
Local sources	\$ 361,114	\$ -	\$ -	\$ 361,114
State sources	29,162	310,146	-	339,308
Total revenues	<u>390,276</u>	<u>310,146</u>	<u>-</u>	<u>700,422</u>
Expenditures:				
Current:				
Instruction	382,975	310,146	-	693,121
Debt service	-	-	202,896	202,896
Total expenditures	<u>382,975</u>	<u>310,146</u>	<u>202,896</u>	<u>896,017</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,301</u>	<u>-</u>	<u>(202,896)</u>	<u>(195,595)</u>
Other financing sources (uses):				
Transfers in	-	-	202,896	202,896
Transfers out	(7,338)	-	-	(7,338)
Total other financing sources (uses)	<u>(7,338)</u>	<u>-</u>	<u>202,896</u>	<u>195,558</u>
Excess of revenues and other financing sources over expenditures and other financing uses	<u>(37)</u>	<u>-</u>	<u>-</u>	<u>(37)</u>
Fund balances beginning of year	<u>70,920</u>	<u>-</u>	<u>-</u>	<u>70,920</u>
Fund balances end of year	\$ <u>70,883</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>70,883</u>

GREAT PRAIRIE AREA EDUCATION AGENCY

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION -
ALL GOVERNMENTAL FUNDS
FOR THE LAST EIGHT YEARS

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Revenues:				
Local	\$ 7,585,714	\$ 7,529,213	\$ 7,429,646	\$ 7,290,029
State	9,013,918	8,594,300	8,039,753	7,907,237
Federal	<u>9,407,019</u>	<u>9,248,318</u>	<u>9,683,577</u>	<u>10,047,680</u>
Total	\$ <u>26,006,651</u>	\$ <u>25,371,831</u>	\$ <u>25,152,976</u>	\$ <u>25,244,946</u>
Expenditures:				
Current:				
Instruction	\$ 693,121	\$ 689,881	\$ 731,486	\$ 671,726
Student support services	18,124,321	18,152,124	18,132,919	18,744,872
Media services	1,887,197	1,875,971	2,092,963	1,824,622
General administration	1,371,175	1,257,957	1,079,950	1,047,223
Educational services	2,466,086	2,366,252	2,087,109	2,363,753
Plant operations and maintenance	460,614	455,278	349,472	308,286
Central and other support services	350,357	439,175	413,167	409,765
Debt service	202,896	228,684	804,765	515,034
Facilities acquisition	<u>-</u>	<u>-</u>	<u>-</u>	<u>185,517</u>
Total	\$ <u>25,555,767</u>	\$ <u>25,465,322</u>	\$ <u>25,691,831</u>	\$ <u>26,070,798</u>

Modified Accrual Basis
Year Ended June 30,

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 7,133,840	\$ 7,131,224	\$ 7,066,266	\$ 7,215,058
9,659,084	8,706,614	9,540,916	8,848,117
<u>11,743,897</u>	<u>17,052,704</u>	<u>10,961,195</u>	<u>9,959,860</u>
 \$ <u>28,536,821</u>	 \$ <u>32,890,542</u>	 \$ <u>27,568,377</u>	 \$ <u>26,023,035</u>
 \$ 761,559	 \$ 659,681	 \$ 658,425	 \$ 714,252
19,911,931	24,135,151	20,431,684	18,738,308
1,830,424	1,850,802	1,887,759	1,839,742
1,102,982	1,012,589	1,041,633	1,077,202
3,147,885	3,279,222	2,565,832	2,356,146
333,459	316,868	330,574	339,082
397,659	346,287	390,100	368,189
539,237	383,660	372,108	607,189
<u>515,705</u>	<u> </u>	<u> </u>	<u> </u>
 \$ <u>28,540,841</u>	 \$ <u>31,984,260</u>	 \$ <u>27,678,115</u>	 \$ <u>26,040,110</u>

GREAT PRAIRIE AREA EDUCATION AGENCY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

<u>Project Title</u>	<u>CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Expenditures</u>
<u>Indirect:</u>			
U.S. Department of Education:			
Iowa Department of Education:			
Handicapped Preschool Program	84.027	1415-15	\$ 6,754,394
Handicapped Preschool Program (Lea Flowthrough)	84.027	5KB2-15	1,769,325
Parent Educator	84.027	4K74-15	115,140
Speech Language Leadership	84.027	004615	3,617
Speech Language Leadership	84.027	048515	8,000
Iowa Core AYP Alternate Assessment	84.027	011815	<u>8,519</u>
			8,658,995
Section 619 Ages 3-5	84.173	14619-15	291,329
IQPPS Verification	84.173	010915	<u>6,500</u>
			<u>8,956,824</u>
 Part C Infants and Toddlers	 84.181	 4KC3-15	 <u>238,398</u>
 Safe and Supportive Schools	 84.184Y	 019915	 <u>75,000</u>
 Title III ELL/LEP	 84.365	 15ELA-09	 <u>118,807</u>
 Total			 \$ <u>9,389,029</u>

GREAT PRAIRIE AREA EDUCATION AGENCY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

Basis of Presentation – The Schedule of Expenditures of Federal Awards includes the federal grant activity of Great Prairie Area Education Agency and is presented on the modified accrual basis. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
Great Prairie Area Education Agency

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Great Prairie Area Education Agency, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Great Prairie Area Education Agency's basic financial statements and have issued our report thereon dated February 5, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Great Prairie Area Education Agency's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Great Prairie Area Education Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of Great Prairie Area Education Agency's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the Agency's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies that we consider to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 15-II-A to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Great Prairie Area Education Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about Great Prairie Area Education Agency's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of Great Prairie Area Education Agency. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Great Prairie Area Education Agency's Response to Findings

Great Prairie Area Education Agency's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Great Prairie Area Education Agency's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Great Prairie Area Education Agency during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

ANDERSON, LARKIN & CO. P.C.

Ottumwa, Iowa
February 5, 2016

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors of
Great Prairie Area Education Agency

Report on Compliance for Each Major Federal Program

We have audited Great Prairie Area Education Agency's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Great Prairie Area Education Agency's major federal programs for the year ended June 30, 2015. Great Prairie Area Education Agency's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grant agreements applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Great Prairie Area Education Agency's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Great Prairie Area Education Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Great Prairie Area Education Agency's compliance.

Opinion on Each Major Federal Program

In our opinion, Great Prairie Area Education Agency, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control over Compliance

Management of Great Prairie Area Education Agency is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Great Prairie Area Education Agency's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Great Prairie Area Education Agency's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

ANDERSON, LARKIN & CO. P.C.

Ottumwa, Iowa
February 5, 2016

GREAT PRAIRIE AREA EDUCATION AGENCY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

Part I: Summary of the Independent Auditor's Results:

- a. Unmodified opinions were issued on the financial statements.
- b. Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements.
- c. The audit did not disclose any non-compliance which is material to the financial statements.
- d. No material weaknesses in internal control over major programs were disclosed by the audit of the financial statements.
- e. An unmodified opinion was issued on compliance with requirements applicable to each major program.
- f. The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- g. Major programs were as follows:
 - Special Education Cluster (IDEA):
 - CFDA Number 84.027 – Special Education – Grants to States
 - CFDA Number 84.173 – Special Education – Preschool Grants
- h. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- i. Great Prairie Area Education Agency qualifies as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

Internal Control Deficiencies:

- 15-II-A Employee Handbook – The Agency's employee handbook is available on-line. There is no requirements that new employees have to show that they read the handbook.

Recommendations – We recommend that the Agency have new employees show they have read the handbook by signing a release to be filed in their personnel file.

Response – The Agency will look into implementing a policy.

Conclusion – Response accepted.

Instances of Non-compliance – No matters were noted.

GREAT PRAIRIE AREA EDUCATION AGENCY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

Part III: Findings and Questioned Costs for Federal Awards:

Instances of Non-compliance – No matters were noted.

Internal Control Deficiencies – No matters were noted.

Part IV: Other Findings Related to Required Statutory Reporting:

- 15-IV-A Certified Budget – Expenditures during the year ended June 30, 2015 did not exceed the amounts budgeted.
- 15-IV-B Questionable Expenditures – We noted no expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- 15-IV-C Travel Expense – No expenditures of Agency money for travel expenses of spouses of Agency officials or employees were noted.
- 15-IV-D Business Transactions – No business transactions between Great Prairie Area Education Agency and Agency officials or employees were noted.
- 15-IV-E Bond Coverage – Surety bond coverage of Agency officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.
- 15-IV-F Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- 15-IV-G Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the Agency's investment policy were noted.
- 15-IV-H Certified Annual Report – The Certified Annual Report was certified timely to the Iowa Department of Education.
- 15-IV-I Categorical Funding – No instances of categorical funding used to supplant rather than supplement other funds were noted.